

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6226-01  
Bill No.: SB 980  
Subject: Employees - Employers; Retirement - State; Transportation Department; Public Officers; Retirement Systems and Benefits - General  
Type: Original  
Date: April 11, 2014

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Bill Summary: This proposal allows retired members of MOSERS and MPERS who are rehired to reimburse the system for benefits received to recalculate credible service.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

Officials from the **Missouri State Employees Retirement System** state that this proposal would have a fiscal impact on the retirement plan; however, it is difficult to quantify since the values associated with salary and service would be different for each individual taking advantage of the provision. There is a high risk of anti-selection in that the members most likely to reimburse the system are those most likely to gain financially from the benefit. In the past five years, there were approximately 300 individuals who retired and subsequently became re-employed in a benefit eligible position.

Officials from the **MoDOT and Patrol Employees Retirement System (MPERS)** state that this proposal would have a fiscal impact on the retirement plan; however, it is difficult to quantify since the values associated with salary and service would be different for each individual taking advantage of the provision. There is a high risk of anti-selection in that the members most likely to reimburse the system are those most likely to gain financially from the benefit. In the past five years, there were approximately one individual who retired and subsequently became re-employed in a benefit eligible position.

**Oversight** assumes this proposal will result in an negative unknown fiscal impact to the two retirement systems included in the legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Costs - MOS/MPERS</u>			
Increase in retirement benefit payments	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>

FISCAL IMPACT - Local Government

FY 2015  
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

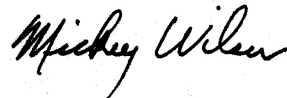
FISCAL DESCRIPTION

This proposal provides that if a retired member of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System or the Missouri State Employees' Retirement System who following retirement is rehired or appointed as a state employee reimburses the retirement system for any amounts received as retirement benefits then such member shall be treated as an active member of the system, and such member's creditable service will be calculated as if the member had not retired.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Retirement  
Missouri State Employees Retirement System  
MoDOT and Patrol Employees Retirement System



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Director  
April 11, 2014

Ross Strobe

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